

your
30 Trading Bonus*

Gold

Forex

USAIN BOLT
OFFICIAL SPONSOR

*T&Cs apply. Forex and CFD trading is high risk and can result in the loss of all your invested capital.

Read M



CCO

Cryptocurrencies Are Digital Data, They are Susceptible to Hacking - Lecturer

OPINION 22:24 29.01.2018 (updated 00:52 30.01.2018)

Tokyo's Coincheck incorporated will be coughing up 425 million dollars to pay back their customers, after a remote hack became the biggest digital heist in history. Sputnik spoke to Dr Iwa Salami, senior lecturer in Law at the University of East London, to try find out what could make cryptocurrencies more secure.

Sputnik: Are cryptocurrencies working on the blockchain any more vulnerable to hacking than traditional fiat currencies?

Iwa Salami: The blockchain technology behind the cryptocurrencies is a brilliant thing. It has the potential to facilitate commercial transactions, and also can be used in a great variety of ways to enhance commercial transactions, to make them quicker and more efficient. So the technology itself is not the problem, the issue is that when the blockchain is used to facilitate decentralized cryptocurrencies, it becomes an issue when those currencies can be used to facilitate illegal activities.

There is evidence that cryptocurrencies such as Bitcoin and Monero are used to facilitate criminal activities on the dark web. So things like drug sales- and there is growing evidence towards these cryptocurrencies facilitating money laundering. Very recently, as well, it has been revealed that these currencies can be used to facilitate terrorism financing. The financial actions have been enforced with evidence that Bitcoin has been used to facilitate terrorism financing activities.

[READ MORE: 'Hacks Can Be Prevented If Companies Test Product Before Launching' — Consultant](#)

Now these technological innovations operate in such a way that hides the identity of the individuals making the transactions. Therefore the anonymity represents a problem.

Sputnik: Where do the vulnerabilities stem from?

Iwa Salami: Regarding the vulnerability of fiat as opposed to crypto- it really depends what a cryptocurrency actually is- are they files, are they digital information?— They can be described as digital data, which of course then makes them susceptible to hacking, and thieving. Therefore if we have cryptocurrencies, Monero, XEN and bitcoin, their vulnerability toward hacks is a huge possibility, it happens, and it did so in this instance. It leads us to the next point, how then should investors protect themselves? In the instance of Coincheck, we know that there are about 260,000 customers affected.

[READ MORE: 'Good B': Ethereum Rating Soars Above Bitcoin on Agency Report](#)

To date, we are not sure if Coincheck has the funds to pay the customers back. Because of that, we could be looking at a potential bankruptcy situation for this exchange. This leaves the investors very open to loss. The question is really, how are investors protected when this kind of hack takes hold? This is where we need regulation, to protect the investors.

Fortunately, Japan is one of the few jurisdictions where cryptocurrency exchanges are regulated. Because cryptocurrencies are digital assets, they are susceptible to things that can happen to digital information and data. With respect to the criminal activities happening, and the use of digital currencies to facilitate crime, financing drugs, terrorism, etc., they operate on a cross border basis.


Whether we are looking at money laundering, or drug sales, it becomes very important that in order to be able to investigate as well as prosecute criminal activities, there is a dire need for international corporations and international law enforcement agencies, financial intelligence units to pull together to be able to monitor and control these criminal activities.


Sputnik: The stolen NEM coins have now been rendered useless, because they have been traced. If the hackers try to use them, then the authorities will be alerted. Is this a benefit to cryptos, in contrast to fiat currencies?

Iwa Salami: I think this is a good thing. There are ways that this could have been avoided. We are told that the cryptocurrencies were stored in 'hot storage', which basically mean they were stored online, and were accessible online. It's usually advisable that cryptos are stored in 'cold storage', offline. That way they cannot be hacked so easily.


[READ MORE: Bitcoin Foundation to Sputnik: Cryptocurrencies No Bubble, But Set to Trade Down](#)

In regards to the Coincheck case, what has happened is that other exchanges have been alerted about the type of cryptocurrencies, they will be alerted if those cryptocurrencies are used in other exchanges, then they will be identifiable, that is a good thing. With this, if it can be adopted for all the other types of cryptocurrencies then that would be great. If they can all be identified immediately if they are stolen then that would be a brilliant thing. If there is a mechanism in which exchanges can be regulated, and if currencies can be stored in cold storage then that would also be good.

 [Radio Sputnik](#)

 **SOUNDCLOUD**

[Share](#)

8:57

[Cookie policy](#)

46

The views and opinions expressed by Iwa Salami are those of the speaker and do not necessarily reflect those of Sputnik.

Sponsored Links by Taboola

Play this Game for 1 Minute and see why everyone is addicted
Delta Wars

Flight Prices You're Not Allowed to See!
Save70.com

Surprising Rewards For People Born Between 1941 - 1981
Survey Compare

Find cheap Cruises
Cruise-Compare.com

5 Foods that are Surprisingly Good for You
BleuBloom.com

10 Digital Products That You Can Sell Right Now Online
Xavier Kelly on YouTube

Meet Russia's Sexiest Volleyball Player (PHOTOS)

Alisa Manyonok, who was regarded as one of the country's top promising athletes, has flooded Western media headlines, calling her the most gorgeous volleyball player in the world.

Netanyahu is in Deep Trouble, Assad is About to Make Strategic Mistake – Analyst

Israel's resumed efforts to crack down on Iran could be fueled by Benjamin Netanyahu's looming bribery investigation, geopolitical analyst Gilbert Mercier told Sputnik. As tensions are escalating between Ankara ...

Trending on The Web

Sponsored Links by Taboola

Want To Be Own Boss In 2017? Start An Online Business In Your Spare Time!

Project Ignite

Farming Improvements in Myanmar Start From Ground Up

CNN International for Marubeni

Some Like it Cold: Miss Bum Bum Bares it All

All eyes are on the 27-year-old Brazilian star who has posted an explicit clip to her Instagram that consolidated her title as Miss Bum Bum 2015.

Master Stroke: US Scholar Explains Why 'Putin Has Trump in His Back Pocket'

While addressing the Federal Assembly on March 1, President Putin said that Russia has developed new invincible weapons. Speaking to Radio Sputnik, Harvey Wasserman, co-founder of the global grassroots N...

Trending on The Web

Sponsored Links by Taboola

Sumitomo ties with Taiwan scooter maker in battery-swap scheme

Nikkei Asian Review

Play this mars game for 1 minute and see why everyone is addicted

Delta Wars

Analyst Explains Why Turkey 'Can Calmly Withdraw From NATO' After Putin's Speech

Commenting on President Putin recently touting advanced Russian weapons and lawmaker Alexander Sherin signaling Moscow's readiness to stand up for its partners, including Ankara, Turkish military expert ...

Mexico's 'Hottest Weather Girl' Stirs Up Social Media Storm

A famous Mexican weather forecaster has caused quite a stir on Twitter with only a single phrase hinting at a possible change in her relationship status.

Trending on The Web

Sponsored Links by Taboola

The New Travel Site That Just Kills it!

Save70.com

Cruise Prices You Are Not Allowed To See

Cruises-Shop

Scientists Finally Uncover Origins of 'Jihadist Disease' in Syria and Iraq

'US Hegemony is Over': Russia Can Give Devastating Response to Attack - Observer

US General: 'Russia Threatens Our Ability to Dominate Airspace' in Middle East

DISCUSSION

Community standards

COMMENT VIA FACEBOOK

COMMENT VIA SPUTNIK

Sort by **Top**



Add a comment...



Mahatma Darby

Soon, much sooner than people realize, a quantum internet will emerge. (In fact the first quantum communications to and from satellites has been a success.) Security will improve by orders of magnitude when it appears.

The rest of the world is simply not going to tolerate forever an internet awash with spies and hackers controlled by the US Empire.

Like · Reply · 1 · 5w



Mahatma Darby

She states that crypto is being used to Launder money, buy drugs, and facilitate terrorism - wow how evil - none of those things are possible with "real" money. I don't remember now, were there terrorists before Bitcoin?

Like · Reply · 1 · 5w

[Facebook Comments Plugin](#)

